



Date: September 15, 2004

To: Inter-Regional Partnership

From: IRP Staff

RE: AB 723 Update

Background

AB 723 (D-Mathews) would allow for the creation of tax increment financing districts in Opportunity Zones (Zones) created by the Interregional Partnership. In order to give employers and home builders an incentive to locate in the Zones, this bill would have allowed cities and counties to form tax increment financing districts in their respective Zones. Revenues raised would be used to develop infrastructure that would improve the competitive position of the Zones relative to other states and regions, and make the Zones more attractive to prospective employers and developers.

Discussion

In order to prevent this bill from passing, the Senate Appropriations Committee passed an amended version AB 723 on August 19, 2004. All of the work conducted over the last couple of years to make this a responsible piece of legislation that would generate the incentives to establish high quality employment option in housing rich areas has been removed. The entire bill was amended to emulate existing IFD law.

The amendments were disclosed on August 20, 2004, which was the last day the respond to any amendments. This did not allow the Matthews' staff enough time to respond. Conditional language was built into the bill to ensure that it was cost effective for the state. This was not enough for the Senate Appropriations Committee. The action taken was to ensure that the State General Funds would not be impacted whatsoever.

The bill will be put on the inactive file. Assemblywoman Barbara Mathews is committed to advocating for this bill and re-introducing it at the next legislative session.

Requested Action

1. Direct IRP staff to meet with Assemblywoman Barbara Mathews' staff to re-examine and make amendments to the bill as passed by the Senate Local Governments Committee.
2. Direct IRP staff to continue advocating for the bill in order to gain key political support from the Governor's office, the State Infrastructure Bank, Sunne Wright McPeak (the new Business, Transportation and Housing secretary) and others, as appropriate.